

{As Prepared for Delivery}

**Mississippi Rural Development Broadband Conference:
“Is Your Community Missing Out on the Information Economy?”
Oxford, Mississippi
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**Thomas C. Dorr
Under Secretary for Rural Development
Keynote Address**

Thank you. On behalf of President Bush, Secretary Johanns, and a great team at Mississippi Rural Development, let me say that it is both a privilege and a pleasure to be here today to discuss broadband and the information economy.

I have to confess that it’s also a bit of a change -- a welcome change -- to be visiting part of Mississippi that is still standing. Katrina hit about a month after I was confirmed. I am reasonably sure there was no connection, but don’t suggest that to my critics lest they get ideas.

Since Katrina hit, however, I’ve been a regular visitor to the Gulf Coast. Outside of New Orleans, most of the heavily damaged areas are rural.

USDA Rural Development – our field offices, our field staff – is a part of those communities. We live here. We were on the ground before the storm hit, our people were here as the waves rolled in, and we will be here for the long haul as we put things back together.

From that perspective, I'd like to take just a moment to publicly commend Nick Walters and our entire Mississippi Rural Development staff for the truly outstanding job they have done, and are continuing to do, to meet that emergency.

Katrina, as you know, was the biggest and -- in terms of property damage -- by far the most destructive storm ever to hit the continental United States. It is going to take years to put things right. I pledge to you that USDA Rural Development will be here for as long as it takes.

As we rebuild, however, it is important that we do so with an eye to the future, which brings us to our topic today.

I am often accused of being an unabashed optimist about rural America – and I am. Obviously there are challenges. Every community is unique and some have a harder road than others. One size doesn't fit all.

Rural America includes everything from the north woods of Maine to native villages in Alaska to corn belt counties in Iowa to the high deserts of the southwest.

It includes areas that have been left behind and are struggling, as well as many of the fastest growing towns and counties in the nation.

But when one steps back and looks broadly at what is happening in the United States today ... a robust economy ... the growth of renewable energy sources ... the emergence of biobased products ... and the inherent decentralizing potential of a knowledge based economy ... I truly believe that rural America is a place of remarkable opportunity.

Let me begin with three examples that help illustrate what the internet and the information economy can mean to rural areas:

These three examples, in and of themselves, are individually small -- but multiply them by thousands more each and every year, and it's very clear that the social architecture of this country is being transformed. At USDA Rural Development, we see this every day.

We fund rural infrastructure, housing, business, and community facilities – and yes, that includes rural broadband. This year we will invest over \$17 billion to increase economic opportunity and improve the quality of life in rural communities. That's why I was in Plains, Montana. It's why we helped the Havasupai get online. Our mission takes us into a lot of small towns. The transformation in rural as well as urban areas to an information economy is happening.

Granted, big changes don't happen overnight. This is a big country.

We have a massive fixed infrastructure -- a sunk cost -- which creates an inertial effect. Structural change tends to be gradual. But over time, slowly but surely, the urban-rural balance is shifting in a quite fundamental way -- and frankly, it's not at all hard to understand why.

I've spent most of my life farming near Marcus, Iowa, population 1,100. Oxford is a big city by comparison. For the last several years, however, I've had the privilege of serving as a member of President Bush's team, which means I've been on temporary assignment in Washington, D.C.

I don't mind telling you that there's nothing like living in Washington – or visiting New York, Los Angeles, Atlanta, Chicago or any of the other seriously big cities – to drive home the comparative advantages that rural communities enjoy today ... advantages that will continue to grow as the information economy continues to expand.

In the years I've spent in Washington, for example, I've yet to see a real estate ad boasting about two hour commutes, crime, congestion, noise, a killer mortgage, and a yard the size of a postage stamp.

By the same token, at USDA I have yet to meet an employee who has anything good to say about his drive in along I-68 or I-270 or I-95.

If you're not familiar with the D.C. area and I- 68, 270, or 95, those are basically slow-moving parking lots along which – provided no one has

an accident -- commuters take two and three hours to crawl distances I'd cover in 20 minutes back home. This is routine in big cities today.

The fact is, rural areas enjoy many very significant quality of life advantages. As a verbal shorthand, I refer to these factors as "Place."

Place is peace is peace and quiet, clean air, and fishable streams. It's the kind of town in which you want to raise your kids. It's a lower cost of living and three times the house for the same dollars. It's a sane pace of life, a walkable community, lower taxes, and a better business climate. It's what you and I treasure about the rural way of life.

Now by this point, someone may be wondering what Place has to do with broadband and the information economy. The answer is, everything.

The computer and broadband are producing nothing less than the greatest decentralization of information since the invention of the printing press. In a knowledge-based economy, that levels the playing field. It opens the door to everything else.

To put it bluntly, the moment small towns and rural areas once again become economically competitive, people will vote with their feet.

This is clearly happening today.

The rural comparative advantages that I mentioned a moment ago have always existed. The Romans didn't call it Place, but they wrote about it. The countryside was where you went for peace and quiet, healthy living, and quality of life. The city was where you went for commerce, industry, and economic opportunity.

From ancient times forward, the wealthy traditionally kept both a city and a country home so that they could enjoy the best of both worlds.

Today, if cost is no object, you are very likely to do the same thing. But since time immemorial, most people have had to make a choice.

With broadband and the information economy, that necessity is now becoming negotiable.

That's why the internet is revolutionary. It makes possible radical decentralization based on dispersed networks. Large organizations no longer need everyone in the same building so they can move paper from desk to desk. And oftentimes, administrative decentralization permits decentralization of production and distribution as well.

Many jobs -- more and more every year -- can be done anywhere. Businesses have unprecedented locational flexibility. So do people. This changes everything.

I talked earlier about the Havasupai, Tom Potzger, and a family in Plains, Montana. Let me jump to the other end of the scale. Consider ethanol -- a multi-billion dollar industry that is growing by leaps and bounds and creating wealth in grain belt counties all across America. Ethanol, of course, is something to which we at USDA Rural Development devote significant time, attention, and resources: first, because renewable energy is a critical national priority; and secondly, because the growth of renewable energy is an historic opportunity for the rural economy.

One of the little understood keys to ethanol, however – and the reason I will bring it up as an example today -- is information technology.

Small and medium sized ethanol plants are, in fact, able to operate efficiently in widely dispersed locations only because the internet allows them to obtain online administrative support, technical support, and 24/7 process monitoring. This is a very significant cost saving.

In fact, therefore, it is the internet that has allowed ethanol plants to be built and managed on what amounts to a franchise model. And what is true of ethanol is true for many other kinds of businesses as well.

In closing, these examples ... a hospital administrator in Plains, Montana ... a former dot.com executive who headed to the countryside ... the Havasupai of the Grand Canyon ... ethanol ... are the tip of the iceberg.

The possibilities are endless. That is why it is so critically important that we complete the buildout of rural broadband as thoughtfully and rapidly as possible.

I can't stand before you today with a detailed roadmap. The communities represented here are too diverse. Some have already crossed the broadband divide. Others are still waiting. There are business modeling and pricing challenges involved in delivering rural broadband. If it were easy, it would already have been done.

But what I can pledge to you is that our door is open. We don't have an our-way-or-the-highway template. We are technology neutral. We recognize that different communities face different issues. We understand that each community has to craft an individual solution.

What I can pledge, however, is that we will work with you to make your solution happen. We will work through the problems. And together, we will get the job done. Thank you.